



IOWA PORK PRODUCERS ASSOCIATION

September 26, 2000

Shannon Hamm
U.S. Department of Agriculture
1400 Independence Avenue, SW
STOP 3601
Washington, D.C. 20250-3601

Re: Statement on Captive Supplies in the Livestock Industry

Dear Ms. Hamm:

I am writing on behalf of the membership of the Iowa Pork Producers Association (IPPA). The organization is the largest state association of pork producers in the U.S. The majority of our members are independent pork producers who depend on a fair and competitive marketplace. Concerns of the condition of the marketplace have existed for several years. The association's leadership appreciates the USDA holding a public forum on captive supplies in the livestock industry.

As early as 1975, it has been unlawful in the State of Iowa for any processor of beef or pork to own, control or operate a feedlot in Iowa in which hogs or cattle are fed. Pork producer leaders in Iowa have expressed concerns for several years. As early as 1981, the association's elected producer leaders developed a policy position that expressed support for continued monitoring of the packer and retail industry.

Each year approximately 200 pork producers representing their local county pork producers organizations serve as delegates to the IPPA's annual meeting. In 1989 the delegates passed a resolution calling on the National Pork Producers Council (NPPC) to seek and secure legislation to prohibit packers nationwide from feeding and slaughtering porcine animals.

The association's board of directors developed a policy statement in 1994 calling on the Packers and Stockyards Administration to engage in vigorous oversight of the industry to make sure market access is available on an equitable basis to all pork producers, and should specifically study and report on the availability of market contracts which may be used in the industry.

The year of 1996 brought about the development of several policy statements that are included in the association's policy manual. Delegates to the IPPA's annual meeting passed a resolution which stated, "we support reporting the

pork industry's percentage of captive supply by the Agricultural Marketing Service and the Packers and Stockyards Administration". Another resolution passed at that meeting states, "we believe Iowa's prohibition on 'packer feeding' should be vigorously enforced by the Iowa Attorney General so that pork processors are not allowed to operate feeding operations in Iowa and that Iowa's packer feeding law should be amended to prevent processors and those who own processors from circumventing the law by simply establishing new corporate entities which they control".

Delegates to the 1999 annual meeting passed the following statement, "We encourage the IPPA and NPPC to look into the preservation of competition in accordance with the Sherman Anti-Trust Act within all aspects of the industry". At the IPPA Board of Directors meeting in August 1999, a policy statement was approved calling on pork producers to sell at least 25% of their hogs on the open market and to report the prices to the USDA Market News Service.

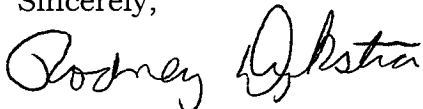
At the 2000 annual meeting, the delegates directed the association to support federal legislation that bans packer ownership, excluding closed cooperatives, of hogs or cattle, directly or indirectly.

It is evident from the above actions of elected leaders and delegates of the Iowa Pork Producers Association that the issue of captive supplies in the livestock industry is extremely important. It appears that the livestock industry is more vulnerable than at any other time in modern history. Members, delegates to IPPA's annual meetings, and elected pork producer leaders of the association for several years have been calling on leaders of the National Pork Producers Council, state government, and the federal government to help maintain free, open and competitive markets.

In this increasingly concentrated industry, the number of producers has declined, and there is increasing use of contracts or other agreements for buying and selling. The decreasing number of hogs sold in the spot market and the decline of publicly disclosed price information makes it difficult for producers to determine a fair price.

As a pork producer from Everly, Iowa and President of the Iowa Pork Producers Association, I appreciate the opportunity to comment on this very important topic of captive supplies. I strongly encourage the Secretary and others within the federal government to work to maintain a high level of competition in the livestock market.

Sincerely,

A handwritten signature in cursive script, reading "Rodney Dykstra".

Rodney Dykstra
President